

## What You Need to Know About Women Investors

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**“Women are not a segment or a trend, they are the AUM imperative.”**

*- Cecile Munoz, Founder & President, US Executive Search<sup>1</sup>*

What is your client demographic? Is your business keeping pace with the shift in financial resources occurring throughout the world today? The emergence of women as wealth control centers should put them on your radar.

Here are some statistics:

### Wealth

- Women now own half of all US private wealth, which means they control or influence at least \$16 trillion in assets.<sup>2</sup>
- 80% of women will, at some point in their lives, be solely responsible for all household financial decisions.<sup>3</sup>
- There are about 38 million households headed by single women; approximately one-fourth are estimated to have investable assets over \$100,000.<sup>4</sup>
- Through 2015, the affinity to use financial advisors within these 9+ million households is projected to increase by over 60%.<sup>4</sup>

### Health

- Women have a longer average life expectancy than men and they tend to marry men older than themselves. Seven out of 10 “baby boom” women are expected to outlive their husbands, and many can expect to be widows for 15 to 20 years.<sup>5</sup>
- More than 70% of married women fire their financial professional within one year of their husband’s death.<sup>3</sup> This is mainly attributed to the fact that the advisor was focused on a relationship with the husband and not the wife.<sup>2</sup>

### Education

- Educational achievements are driving wealth creation among women.<sup>6</sup> In the US, women outnumber men on college campuses and have recently surpassed men in earning advanced degrees.<sup>7</sup>
- Educated women with a net worth of more than \$500,000 represent one of the biggest growth opportunities for independent financial advisers.<sup>4</sup>
- More than half of women with business degrees out-earn their husbands.<sup>3</sup>

### Women & Investing

- Studies have found that women are more receptive to financial advice and more likely to seek it out than men.<sup>8</sup>
  - 95% of ultra-high net-worth women work with an adviser, as do 46% of affluent women according to a Spectrem Group study from 2011<sup>8</sup>
- Although women are interested in educating themselves, they don’t reflexively turn to experts for help, but rather to friends and family.<sup>7</sup>
- In a recent study, women valued a proven track record, someone who could “make things easy to understand”, personalized attention and “a mutually respectful peer-to-peer relationship” as characteristics of their ideal financial consultant.<sup>6</sup>
- From the same study, in considering financial products, women would like customization for their individual needs and the ability to understand the investment type.<sup>6</sup>

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- Women tend to favor balance and the long-term view. They look at money as a way to care for themselves and their families, and improve their lives<sup>6</sup>
- Although women are more risk averse than men, they will take some investment risk as long as they understand it.<sup>7</sup>
- Networking is key for the woman investor. Small educational groups, which facilitate networking and a sharing of knowledge, create an environment of trust.<sup>9</sup>
- Women who have a financial advisor feel more secure and confident about their futures than those without an advisor – and 62% are without one.<sup>9</sup>
- A study done by Vanguard Group showed that women were more likely to participate in their retirement plan at work<sup>10</sup> and they earmarked 8% to 11% more of their paychecks for saving.<sup>11</sup>

**The bottom line: you can't put women investors in a category; each one has unique requirements. However, each is worth the time you invest to understand those requirements.**

<sup>1</sup> Cecile Munoz, President of U.S. Executive Search as quoted in IAP news release "Women Financial Advisors Are Not Well-Represented in States with the Largest Number of Wealthy Single Women", June 25, 2013

<sup>2</sup> *Women and investing: How to attract a key demographic.* Cooper, Evan and Franklin, Mary Beth. 2012. InvestmentNews, May 6, 2012. Edited transcript of an April 17 webcast, "Attracting Women Clients: Adviser Success Stories."

<sup>3</sup> *The Emerging Profile of Women Investors.* Longo, Tracey. 2008. Financial Advisor Magazine, August 1, 2008.

<sup>4</sup> *Single Women, Their Wealth and Women in Wealth Management.* IA Partners & Meridian-IQ June 25, 2013, AIQ & IAP.

<sup>5</sup> *Older Women.* Administration on Aging. 2009. Washington DC : US Department of Health and Human Services, July 16, 2009, 2000 Administration on Aging "In the New Century The Future is Aging"

<sup>6</sup> *What Women Want: Understanding the Modern Female Investor.* Catherine Avery Investment Management in Partnership with The Polling Company, Inc. 2010. Catherine Avery Investment Management. [Online] October 21, 2010. <http://www.caimllc.com>

<sup>7</sup> *Women in Wealth,* Northern Trust Wealth. 2011, Summer 2011

<sup>8</sup> *Women & Investing: Why many advisers are missing out.* Ruthie Ackerman. InvestmentNews, April 8, 2012

<sup>9</sup> *To Cater to Women, Learn Their Language.* Warner, Joan. 2013. May 1, 2013, Financial Advisor IQ, A Financial Times Service.

<sup>10</sup> *How America Saves 2013 A report on Vanguard 2012 defined contribution plan data,* The Vanguard Group. 2013.

<sup>11</sup> *Are Women Better Investors Than Men?*, The Vanguard Group [Online] <https://retirementplans.vanguard.com>